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Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-08 TRSE-00 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 OPIC-03 SP-02
OMB-01 L-03 INRE-00 SSO-00 /049 W
----------129443 121615Z /46
O R 121500Z JAN 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 183
INFO AMCONSUL ISTANBUL

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PASS EXIMBANK FOR NORRIS

E.O. 11652: N/A
TAGS: EFIN, TU
SUBJECT: EXIM ARREARS AND ELBISTAN CREDIT

REF: (A) ANKARA 165, (B) LAROCHE-NORRIS TELCON 11 JANUARY

1. CENTRAL BANK (CANEVI, DIRECTOR GENERAL, FOREIGN EXCHANGE) MADE SURPRISE ANNOUNCEMENT AT LUNCHEON FOR EXIM, CITIBANK, AND EMBOFFS 11 JANUARY THAT, NOTWITHSTANDING MINOR DISCREPACNIES OR QUETIONS REGARDING PRECISE DETAILS OF PAST DUE PAYMENTS ON LONG-TERM DIRECT EXIM CREDITS AND FINANCIAL GUARANTEES, CENTRAL BANK FLATLY PROMISED TO MAKE LUMP-SUM PAYMENTS $1.9 MILLION (8 DECEMBER 1977 LIST OF ARREARS) BY END OF THIS WEEK, AND $1.1 MILLIN (3 JUAUARY 1978 ADDITIONAL LIST) NEXT WEEK.

2. THIS GOES FAR BEYOND VAGUER ASSURANCES OF EFFORTS TO CLEAR UP ARREARS PIECEMEAL SOON, GIVEN IN PREVIOUS EXIM MEETINGS WITH CENTRAL BANK AND MOF ON 9 AND 10 JANUARY. FLAT PROMISE OF LUMP-SUM PAYMENT BELIEVED TO HAVE RESULTED FROM DISCUSSIONS BY CANEVI WITH SUPERIORS AND WITH NEW SECRETARY GENERAL OF TREASURY GUCSAVAS DUE TO BE APPOINTED, FOLLOWING EXIM MEETING WITH
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GUCSAVAS PM 10 JANUARY (SEE SEPTEL, EVEN THOUGH GUCSAVAS HAD BEEN GUARDED AND NON-COMMITTAL IN REMARKS.

3. EXIM TEAM SAID IT WOULD ADVISE BANK BY CABLE AND TELEPHONE, AND WOULD ENDEAVOR TO EXPDITE OPERABILITY OF ELBISTAN CREDIT. BANKD REQUESTED TO DETERMINE WHETHER CREDIT CAN BE MADE OPERATIVE ON BASIS OF UNEQUIVOCAL ASSURANCE OF PAYMENT, OR ACTURAL RECEIPT

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OF FIRST $1.9 MILLION. (CREDIT AGREEMENT REQUIRES THERE BE NO EVENT OF DEFAULT AS CONDITION TO SUBSEQUENT DISBURSEMENTS AND OPENING L/C'S WITH MAXIMUM ON LATTER OF NEXT 6 MONTHS' ESTIMATED DISBURSEMENTS, NOT TO EXCEED $8 MILLION. ALSO CITIBANK UNGUARANTEED LOAN DISBURSES FIRST, BUT THEY ARE AWAITING OVERALL EXIM OPERABILITY). IF SO, EXIM SHOULD TELEX MOF, CITIBANK, AND CANEVI AT CENTRAL BANK ACCORDINGLY, ALSO ADVISING FOSTER WHEELER, GUVEN, AND BART AT IBRD. EMBASSY CAN ADVISE FOSTER WHEELER LOCAL MANAGER ALLEN. BANK SHOULD, OF COURSE, CONTINUE TO ADVISE CENTRAL BANK THROUGH AMEMBASSY ANKARA OF FURTHER ARREARS WHICH MAY ARISE.

4. CENTRAL BANK REQUESTS COPIES OF ORIGINAL BILLINGS ON INDIVIDUAL ITEMS IN ARREARS (CONFORMING WITH 8 DECEMBER AND 3 JANUARY LISTS). EXIM REQUESTED TO POUCH COTIES TO EMBASSY FOR DELIVERY TO CENTRAL BANK.

5. SHORT-TERM ARREARS. EXIM PROPOSAL BASED ON CITIBANK SUGGESTION WAS DISCUSSED FURTHER WITH CANEVI AND GEORGE OF CITIBANK. CANEVI STILL ENTHUSIASTIC, BUT WILL NEED GOT CLEARANCE FOLLOWING NEXT WEEK'S VOTE OF CONFIDENCE. HE SAID REFINANCING WILL HAVE TO BE FITTED INTO OVERALL PROGRAM, BUT THOUGHT IT COULD STILL BE DONE SOON, I.E., WOULD NOT HAVE TO AWAIT AN OVERALL GLOBAL SETTLEMENT PER SE. HE SAID IT WOULD HELP HIM IN SELLING PROPOSAL WITHIN GOT TO HAVE A LETTER INCORPORATING PROPOSAL FROM EXIM TO FINANCE MINISTER MUEZZINOGLU. THIS CAN
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BE DISCUSSED FURTHER ON TEAM'S RETURN TO WASHINGMON. CITIBANK FULLY ACCEPTS OUTLINE DEVELOTED BY EXIM, HAS DISCUSSED FUTHER WITH TEAM, AND IS READY TO START DRAFTING ONCE BANK HAS GIVEN PRELIMINARY APPROVAL.

6. CITIBANK ON THEIR PRT SAID FURTHER THEY WOULD NOT LEAVE UNDONE ANYTHING WITHIN THEIR POWER TO EXPEDITE OPERABILITY OF ELBISTAN.

7. EXIM TEAM REQUESTED ALL CONCERNED NOT TO PUBLICIZE REFINANCING, ALTHOUGH CENTRAL BANK, MOF, AND CITIBANK ENVISIONIT AS PATTERN FOR OTHER REFINANCINGS OF INSURED SUPPLIER CREDITS AS WELL AS UNINSURED MULTINATIONAL FIRMS' ARREARS. FOLLOWING JOINT CENTRAL BANK, CITIBANK AND DEUTSCHE BANK MEETING IN MORNING, MRS OYMEN, LIKELY SUCCESSOR TO AYGUN AS DIRECTOR GENERAL OF TREASURY FOR FOREIGN FINANCING, WHO IS WORKING CLOSELY IN TRANSITION WITH GUCSAVASZ, IN PM MEETING WITH BANKS,MADE POINTED SUGGESTION THAT DEUTSCHE BANK MIGHT GET HERMESKREDIT TO ARRANGE SIMILAR REFINANCING.
SPIERS

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